

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Bank of the Bay ("CBB")

Point of Contact:	William S. Keller	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	354	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,060,000	FDIC Certificate Number: (For Depository Institutions)	34210
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 16, 2009	City:	Oakland
Date Repaid <sup>1</sup> :	N/A	State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

CBB used CPP/CDCI capital to increase lending while maintaining safe and sound capital levels. In 2011 CBB's gross loans outstanding grew \$13.8MM (16.4%) to \$98.0MM from \$84.2MM in 2010. Since receipt of the capital in January of 2009, CBB has grown its loan portfolio by \$57.3MM or 141%.

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Bank of the Bay ("CBB")

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Loans to small businesses made up the majority of our 2011 lending activity. Commercial & Industrial loans, owner-occupied Commercial Real Estate and SBA loans (including \$8.1MM that we sold) totaled \$14.8MM.

☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Bank of the Bay ("CBB")

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☒ Increase charge-offs.

During 2011 the Bank incurred net charge offs of and OREO write-downs of \$1,544m compared to \$683m in 2010. While the increased charge offs were partially offset by SBA loan sale premiums of \$915m, the CPP/CDCI capital allowed the Bank to maintain its lending activity.

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Bank of the Bay ("CBB")

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Bank of the Bay ("CBB")

### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

CPP/CDCI capital and the equity raised in the public equity market in late 2009 and early 2010, enabled the Bank to avoid curtailing its loan growth while aggressively managing its problem loans. Without these additional capital resources, CBB would have not only limited its new lending activity, but also would have likely been required to reduce its existing loan portfolio in order to maintain its Well Capitalized status.

## CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Community Bank of the Bay ("CBB")

### **What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

The Bank was able to continue the strategic initiatives initiated in 2009 and 2010 due to the capital provided by CPP/CDCI. In October 2009 and January 2010, CBB opened loan production offices ("LPO") in Danville, CA, and in San Jose, CA respectively, and hired seven new employees to staff them. By the end of 2011 these offices had developed a combined loan portfolio of \$58.0MM.

CDCI ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

Community Bank of the Bay ("CBB")

Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.